



Public Policy Research Center  
 Центр Анализа Общественных Проблем

# PPRC NEWSLETTER

Dear Readers!

In this issue, we would like to highlight the Center's important event of the year 2005 – The Roundtable «The Budget Process in Caspian Countries: The Experiences of Kazakhstan and Azerbaijan», held on January 21, 2005 in Almaty. The outcomes of the research project on the transparency of the budget process in Kazakhstan and Azerbaijan, implemented in 2004 by the Public Policy Research Center along with the Public Finance Monitoring Center (Baku, Azerbaijan), were presented to the participants of the Roundtable.

Participating in the Roundtable were Chairpersons of the Committees on Finance and Budget of both chambers of Parliament, representatives from the Account Committee on Control of Republican Budget Performance, Ministry of Economy and Budget Planning, The British Embassy, Poland, Germany, international organizations, research institutes, NGOs, the mass media, and experts.

Opening the Roundtable, PPRC Director **M. Makhmudova** noted: «Budget – it is the country's most important document, upon which should reflect all of the nation's most important decisions. Why, in particular, do we compare Kazakhstan and Azerbaijan? Budget revenues in both countries depend on the development of the oil sector. The Soviet system had a unified budget process; during independence we had a number of budget reforms. We wanted to check to what extent the reforms implemented in our countries encouraged our budgets to comply with the best international practices».

The study conducted in Kazakhstan and Azerbaijan was a part of an analytical review of 36 countries falling within the International Budget Project of the Center for Budget and Policy Priorities (CBPP, Washington DC, USA). To present the outcome of this global study to the Roundtable participants, we invited Mr. **G. Saint-George**, Senior Budget Expert at the CBPP.

The first part of Roundtable included statements from the two main speakers: PPRC Director M. Makhmutova and CBPP expert G. Saint-George.

M. Makhmutova presented the study's results via comparative tables for both Kazakhstan and Azerbaijan. The study's methodology was based on the approaches to budget transparency, given in the following documents:

- The Code on Good Practices in Fiscal Transparencies in the area IMF.
- Statistics of State Finances IMF.
- OECD's Best Practices for Budget Transparency.

The study covered key areas of the budget process such as: draft and budget documentation; monitoring and evaluating Government reports, and the level of community and Parliamentary participation in the budget process.

While speaking about the successes of both countries in reforming their budget systems, it is important to recognize that these three spheres experience some problems with presenting information. The present issue will focus on the outcomes of the study conducted in Kazakhstan.

How comprehensive, for example, is the information in the draft budget? Analysis revealed a lack of information on tax expenditures, the Government's financial and non-financial assets, and its quasi-fiscal activity; the information on the National Fund is generalised and lacks requisite details.

Moreover, the draft budget does not classify expenditures at the program level and the breakdown of State debt is not given –

neither percentage rates nor repayment schedules. Documentation on the budget forecast does not detail resources, there is no analysis of budget sensitivity, and the budget prediction does not consider the effects of various macroeconomic factors. The second criteria – monitoring and reporting – is much better. Information on the current and annual executions of the State, Republican, and local budgets is published monthly via the Ministry of Finance's website [www.minfin.kz](http://www.minfin.kz) and in the Ministry's Statistical Bulletin. The same applies to information on the execution of previous years' budgets, which is easily accessible.

However, here we should state that the Account Committee on the Control Over the Execution of the Republican Budget does not provide an audit of the National Fund.

While current legislation does not prevent the civil community from participating in the budget process these possibilities are quite limited. The draft budget is not being published and the executive power does not consult with community representatives when identifying budget priorities.

While presenting the outcomes of the global study on budget processes in 36 countries, **G. Saint-George** noted: «When the civil community participates in the budget process, the economy functions better, democracy develops, and as a result, positive transformations take place in the State».

G.Saint-George stressed: «The budget is the most important economic and social document produced by any government. The budget is the key to the economic growth and prosperity of any country. The chance for a better budget increases if the community participates in the process. If one person wrote the budget on his/her own behalf, the budget would unlikely reflect a wide range of community concerns. Community participation in the budget process promotes accountability. Governments will be more accountable if the budget is transparent».

Focusing on the outcomes of the study related to Kazakhstan, G. Saint-George noted that Kazakhstan's budget system is more closed than open. According to the three major categories applied in the budget process study: the development of draft budget and budget documentation, the monitoring and evaluation of government reports, and the level of community and lawmakers' participation, Kazakhstan ranked below the average level of all studied countries. As per the results of the current study, Kazakhstan occupies the 25<sup>th</sup> place of the 36 countries studied (for comparison, Azerbaijan ranks 24<sup>th</sup>). Kazakhstan is best in current monitoring and reporting and worst in developing budget documentation, especially regarding the clear setting of budget goals.

The second part of the Roundtable was devoted to the questions, answers, and statements of the participants.

**A. Ashimbaeva**, Director of the Institute of the World Market, was interested in: «What caused the largest number of problems according to the results of the study: the process of budget revenues formation or its expenditures lines?» **M. Makhmutova** answered this question: «There was a sufficient number of problems in both. I think the most important problem here is that not only any citizen of Kazakhstan, but also the deputies of the Parliament, lack budget information. Let us take the example of reviewing the current budget in June 2004. Its revenue part was increased by 58 billion Tenge, which means that half a year ago, when the budget was discussed by the Parliament, the Government did not disclose these revenues to the deputies of the Parliament».

In his statement, **M. Utebaev**, Chair of the Senate Committee on Economy, Finances, and Budget of the Parliament RK, proposed a critical approach to the outcome of the study. «I think the study did not cover the years 2003-2004. During this particular period, the budget process was drastically modified. Now the Budget Code is adopted. We have started a budget discussion, with wide community participation, not only in Mazhilis, but in the Senate as well. Regarding the transparency of the budget development process – here we found some positive changes. The Republican Budget Commission was established and four deputies entered this commission – two from Mazhilis and two from the Senate. We started this work by the end January, continuing comprehensive discussion of all budget issues. From 2003, we began to discuss annual reports not only of the State enterprises, but national companies as well. I agree that the role of the Parliament and the Account Committee should be strengthened in the budget execution process».

**K. Sagadiev**, Chair of the Committee on Finances and Budget of the Mazhilis of the Parliament RK: «Of course, transparency is needed. This is a very serious problem in any community. Civil community should participate in the discussion of the draft budget. Government, Parliament, and organizations directly related to the budget process should take into consideration the public's opinion, which will ensure appropriate participation of civil society in the budget process.

An important issue, which I would like to raise, is the justification of budget program passports. Now, the budget program passports are not sufficiently justified. The problem of underused budget funds, which sometimes totals billions of Tenge, is caused by unqualified execution of some programs' initial passports. Our budget should be more transparent through improvement, in particular, the level of justification.

At present, the issue of strengthening the role of the Account Committee on the execution of the Republican Budget is being discussed. Now, most probably, it will have additional rights in

controlling the execution of local budgets. Local budgets misallocate large amounts of money and I think that the strengthening of the Account Committee's control functions will help to solve this problem».

In his statement, Chairperson of the Board of Trustees of the Association of Economists in Kazakhstan **A. Esentugelov** expressed the position of expert association: «Budget policy is one of the key issues of the Government and State's economic policies. That is why many things depend on how the budget is composed and executed.

The budget system was changing every year. The difference between today's situation and the situation a few years ago is huge. There is still, of course, a number of problems related to the budget process, which should be solved. I would like to mention only one thing: First of all, this is the expenditure portion of the budget. I fully agree that it requires the strengthening of expenditures justification; many things depend on this.

Another important issue: Many programs – State, Branch (I do not mean budget programs), are formulated without concrete quantitative and financial indicators. Foreign countries clearly formulated quantitative parameters to be achieved. Finances should be clearly identified as well. In this case, the Government has to reflect the amount, as State programs are signed by the Decree of the President, having the force of the law. It would be better if State programs were approved simultaneously with the draft budget, including all detailed parameters. In this case it would be executed at maximum and non-performance would cause legal accountability».

Answering the questions of the Roundtable participants, **M. Makhmutova** stated the following **recommendations, developed via the results of the study**: «Speaking about the budget process in general and the role of the State governing bodies, the key recommendation would be to increase Parliament's role in the management of State finances. The second recommendation touches upon the improvement of access to budget information. We do not typically publish the draft budget. I think it would be useful to publish the budget for discussion after the Government has given it to Parliament.

And finally, recommendations for the Government on the comprehensiveness of information reflected in the draft budget: to make the budget process comply with the best international experience on ensuring fiscal transparency, the draft budget should include data on tax expenditures, financial and non-financial assets of the Government, and its quasi-fiscal activity (to provide detailed information on the National Fund). Moreover, the draft budget should reflect expenditures classification at the programs level, contain the composition of State debt, percentage rates, and a repayment schedule».

*This issue briefed you on the results of the research project. The next issue of the "Policy Studies" journal will contain the full results of the PPRC study.*

---

All rights reserved. No part of this publication may be reproduced without the prior written permission of Public Policy Research Center. Exceptions are allowed in respect of any fair dealing for the purpose of research or private study, criticism or review, as permitted under the Copyright by making obligatory reference to Public Policy Research Center's Newsletter with indication of the issue number and date of publication.

---

**PPRC Newsletter** is a weekly publication of the Public Policy Research Center.  
PPRC newsletter editor: Meruert Makhmutova  
English text editor: Sojin Song  
**Registration Number №3268-Ж**  
**Circulation: 200 copies**

**Public Policy Research Centre (PPRC)** is an independent think tank, whose mission is to search for and propose solutions to key public policy problems.  
**Address:** 65, Kazybek Bi, offices 401,421, 050000, Almaty  
**phone:** +7(3272) 670432, 670340, **fax:** +7(3272) 670346  
**e-mail:** info@pprc.kz  
**Web-site:** www.pprc.kz



Public Policy Research Center  
 Центр Анализа Общественных Проблем

# PPRC NEWSLETTER

**Dear readers!**

**In this issue we will brief you on the working tours undertaken by the Center staff. The main purpose of these tours was to exchange the experience, develop collaboration with CIS partner organizations and to improve qualification level.**

On **18-20 February 2005** **M.Makhmutova**, the PPRC Director, has participated in the workshop on the UNDP Report «Regional Cooperation for Human Development and Human Security in Central Asia», held in Bratislava (Slovakia). During the meeting the first version of joint Report on Central Asia (CA) prepared by Regional Report authors – recognized international experts, including J. Linn, J. Cukrowski, A. Cherp, Sh. Tadjbaksh, A. Tabyshalieva, M. Blaxall, K. Collins, Z. Kudatgobilik, R. Pomfret - was presented.

Presented version contained 11 chapters:

1. Introduction.
2. Central Asia and Its Challenges.
3. Regional Cooperation and Integration – A Framework.
4. Regional Cooperation in Trade, Transport and Transit.
- 5.1 Investment in Central Asia –the regional perspective.
- 5.2 Development of financial sector in Central Asia.
6. The Natural Resource Lifeline in Central Asia: Water, Energy and Environment.
7. Important Cross-Border Linkages.
8. Regional Cooperation for Preventing and Dealing with Natural and Man-Made Threats.
9. Regional Support for Good National Policies: Governance, Gender, Community Development and Poverty Reduction.
10. Regional and International Cooperation Beyond Central Asia.
11. Political Institutional Constraints, Challenges, and Opportunities to Regional Cooperation in Central Asia.

Heads of the research teams from CA, who were involved in the country reviews for the report, participated in the discussion. Moreover, foreign experts **Stanislav Zhukov** (Russia), **Keizou Takemi** (Japan), **Dong Xiaoyang** (China) were invited to the meeting.

After hot discussions facilitated by **Johannes Linn** and **Jacek Cukrowski** participants of the workshop adopted the number of amendments to the report structure.

Reports of the country teams will be published in English in «Transitional Economy» journal (New York). **Ben Slay**, Director of the UNDP Regional Center in Bratislava, is Editor-in-Chief of the journal.

PPRC plans to publish Kazakhstani part of the report in Russian.

On **22-23 February 2005** **G.Mukhambetova**, Deputy Director PPRC, participated in the first working meeting of the IAC/International Advisory Council of the Regional Resource Center LGI-OSI (Local Government Initiative and Public Service Reform/OSI-Budapest) on development of local self-governance arranged by Moscow Public Scientific Fund.

Moscow Public Scientific Fund (MPSF) – is non-commercial public association, established in 1991. MPSF builds capacities for innovations and provides assistance to innovative processes in the development of humanitarian, social and political knowledge.

MPSF Regional resource center was established in 1998 under financial support of LGI-Open Society Institute (Budapest). Mission of this MPSF sub-unit is to ensure assistance to the local authorities and their associations in establishment of effective and responsible governments at local level, increasing participation of local communities in solving of local development problems. What is important for Kazakhstan in this MPSF initiative – that is development of the net of training centers in CIS, which apply active educational technologies in training and qualification improvement for local government staff. In order to achieve the programme goals, MPSF conducts training seminars, develops and disseminates training materials,

prints scientific and analytical literature on crucial problems of local self-governance in Russia, develops and implements distance learning technologies on local self-governance.

The first working meeting of International Advisory Council was focused at providing consulting to MPSF on development of its activity strategy for 2005-2006 in the region and in a few Central Asian and Caucasian countries. Consulting was done in two ways: experts informed on the status of reform of local governance in each country and discussions, analysis and evaluation of the regional MPSF activity for 2002-2004. During the presentations and discussions participants had formulated the framework activity strategy for the Regional resource center on the development of MPSF MSU in the regions for the next two years and officially requested support from participating donors.

On **21-25 February 2005** **A.Akhmetova**, PPRC publishing programmes coordinator, and **K. Ospanov**, expert of the Center, participated in the certification workshop of the Organization for Economic Co-Operation and Development (OECD) on the long-term planning of investments into development of nature-conservative infrastructure, held in Kiev (Ukraine). Workshop module has been developed on the basis of the Longstanding Investment Plans model (LIP). LIP Model presents rational planning method for invest-

ments by local authorities, which is based on the certain rules and supported by the software on financial planning and integrated into national budget legislation. Longstanding Investment Plan means the decision making process on selection of longstanding strategic investments in order to achieve the best results (financial, social, ecological etc.) through their implementation. Longstanding Investment Plan identifies:

- Profit forecast for the unit of local self-governance;
- Required volume of operational expenditures and the level of service and extinction of obligation;
- Planned amount of debt;

Funds planned for realization of investments.

Experts and State officials from Russia, Moldova, Ukraine, Kyrgyzstan and Kazakhstan participated in the workshop.

Training programme was developed by OECD experts specially for CIS countries.

It is expected that training of specialists within this programme will improve local expert potential and stimulate future reforms in planning of municipal investments.

By the end of the workshop all the participants passed the exam and obtained certificates as per the results.

#### **PPRC NEWS**

On **15 February 2005** Director of the Center met Lord **Godfrey Cromwell**, Director of British East-West Centre, in the PPRC office. Development of parliamentarism institute in Kazakhstan was discussed at the meeting as well as outlooks of joint work East-West Center and PPRC on implementation of "Collaboration of Parliaments of Great Britain and Kazakhstan" Project.

On **16 February 2005** management of the Center met Mr. **William Tompson** and Mr. **Ridiger Ahrend**, the staff of the Organization for Economic Co-Operation and Development (OECD), in the PPRC office. Economical and legal problems related to the development of oil sector in RK were discussed during the meeting.

---

All rights reserved. No part of this publication may be reproduced without the prior written permission of Public Policy Research Center. Exceptions are allowed in respect of any fair dealing for the purpose of research or private study, criticism or review, as permitted under the Copyright by making obligatory reference to Public Policy Research Center's Newsletter with indication of the issue number and date of publication.

---

**PPRC Newsletter** is a weekly publication of the Public Policy Research Center.

PPRC newsletter editor: Meruert Makhmutova

English text editor: Sojin Song

**Registration Number №3268-Ж**

**Circulation: 200 copies**

**Public Policy Research Centre (PPRC)** is an independent think tank, whose mission is to search for and propose solutions to key public policy problems.

**Address:** 65, Kazybek Bi, offices 401,421, 050000, Almaty

**phone:** +7(3272) 670432, 670340, **fax:** +7(3272) 670346

**e-mail:** info@pprc.kz

**Web-site:** www.pprc.kz



Public Policy Research Center  
Центр Анализа Общественных Проблем

# PPRC NEWSLETTER

Dear readers!

In this issue, we present information on the Jury Master Class held on March 4, 2005, by the Bureau on Democratic Institutes and Human Rights (BDIHR)/OSCE.

The President of the Republic of Kazakhstan, in his latest appeal to the people, "Kazakhstan is heading towards rapid economic, social, and political modernization," outlined a public discussion on the introduction of a jury system: «...the institution of the jury should be introduced into criminal justice. With this purpose, the Law on Jurors should be adopted in 2005, and modifications and additions to the Constitutional Law "On the Judicial System and Status of Judges" should be introduced».

A jury allows citizens to participate in the justice system within the country and gives the criminally accused an opportunity to appear before an equal and fair jury, guided by the law, inner moral beliefs, and conscience.

«...Jury is something more than just a justice tool and mechanism of constitution, – this is a cresset, showing that freedom is alive».

Lord Devlin

In the framework of introducing the institute of the jury in the Republic of Kazakhstan, BDIHR/OSCE conducted a jury master class for NGO staff on **March 4, 2005**. PPRC Development Manager Ms. M. Gorokhova participated in this master class.

Conducting the master class as trainers/experts were: **D.K. Kanafin**, BDIHR/OSCE national expert, candidate of law science, and senior lecturer of the Kazakh Humanitarian Law University, **E.A. Zhovtis**, director of Kazakhstan International Bureau on Human Rights and Rule of Law, and **G.B. Baigazina**, head of the Almaty City Board of Lawyers' Legal Advice Office.

A jury is an institute that allows civil society to keep the powers of the judicial authority under control. Jurors represent the people and every social layer of a country's population. Jurors after adjuration, listening to evidence and arguments, render a decision (a verdict) as to whether a criminally accused person is guilty or not guilty of committing a crime.

At present, two draft laws on the introduction of a jury system were developed in the Republic of Kazakhstan. A draft law has been developed by the Working Group of the Supreme Court RK and presumes the introduction of a court with the participation of the *representatives of the people*; the second one, developed by the Working Group of the National Committee for Democracy and Civil Society, presumes the introduction of a classic jury.

The Draft Law developed by the National Committee determined that any person, aged 25 and older at the time of jury selection, may become a juror in the Republic of Kazakhstan. It also limits several categories of people. Juries cannot include deputies, lawyers, law-

enforcement officials, religious figures, persons who are recognized as incapable, or those who have criminal records.

Article 75, p.2 of the Constitution RK declares: «Provided by current legislation, jurors should be part of criminal legal proceedings». The decision to introduce the institute of the jury to our Republic has already been made. That is why at present, we only discuss the concrete model of the jury to be introduced into Kazakhstani legal proceedings.

Many Kazakhstani lawyers recognize only the classic (English-American) model of the jury. This model's particularity is that 12 jurors render a decision on a case and there are no professional judges among jurors. During the legal proceedings, jurors should answer three major questions:

- Was the crime proven?
- Was it proven that the accused committed the crime?
- Is the accused guilty of committing the crime?

A judge chairs the case and supervises the accuracy of procedures during the trial and guarantees the rights of the process participants. After the completion of the legal proceedings, the judge announces the sentence on the basis of the jury's verdict, which is obligatory.

**D.K. Kanafin** thinks: «The continental or French/German model of the Court has never involved a jury and they composed an independent court system employing the participation of the *representatives of the people*, which historically existed in some European States». People's representatives in the Court (between 2 and 6 representatives) render a decision along with a few professional judges on both the actual and legal sides of the case.

A *Juror* also differs from a *representative of the people* because s/he is elected on the basis of a random



sampling and s/he may participate in the legal process not more than once a year. Representatives of the people are recommended or assigned by the community or a local executive body and they enter lengthy employment terms with the court (sometimes as long as several years). As we can see, the jury selection procedure and the way they implement their rights are more open and democratic, per se.

Practice shows that the representatives of the people must render a decision on both the actual and legal sides of a case, which requires special knowledge; they cannot, in fact, be competent enough and depend on professional judges.

So, many Kazakhstani experts, like **M.S. Narikbaev**, **E.A. Zhovtis**, **S.M. Zhalybin**, and others believe that the classic English-American jury model is more democratic and more appropriate for our society.

What is the main goal of introducing the jury system into Kazakhstan? What urgent problems of Kazakhstan's legal proceedings will it solve?

According to **E. A. Zhovtis**, there are three such targets:

- reconstruction of the public trust in the judicial system, which is quite low at present
- drastic increase in the competitiveness between the defense and prosecution within the legal proceedings
- professional development for all participants in criminal procedures.

Many experts, speaking in favor of a jury consider the jury system more objective and unprejudiced in comparison with a system in which justice is rendered via only the competence of professional judges. This opinion is based on the fact that jurors, when making a decision (unlike professional judges), are not misguided by stereotypes created by special knowledge; they are not subject to corporative impact.

Opponents of the jury system, while debating with supporters of the jury system, will usually present the following (and in their opinion, strongest) argument: «It is not law but emotion that guides jurors, who are not professionals in the area of justice, when they

render a decision. Therefore, the number of possible unjustified “not guilty” verdicts drastically increases!».

The system in Russia, our closest neighbor, where the jury system has been in place since 1993, proves that the number of “not guilty” verdicts via jury participation does, in fact, increase. However, lawyers themselves, when analyzing this indicator, link it to the very high demands on prosecutorial Burden of Proof in legal proceedings involving jury participation. They also find a large number of unjustified errors during the preliminary investigation which, if revealed during the case, taint all evidence gathered by the prosecution. In other words, jurors are very sensitive to anything linked to inculpatory evidence and they will never convict a person if evidence is collected in violation of the law or if they suspect any foul play. Any hesitation is considered to be in favor of the accused and jurors will render a verdict for the defense.

In addition, the main reason for annulment of jury sentences was not because the wrong sentence was pronounced, but because of procedural errors on the part of the chairing judge.

Based on over 10 years of experience, Russian judges noted the undoubtedly positive effect the jury system had on the improvement of preliminary investigations and the professional standards of lawyers.

Organizers of master class believe that only the jury system will allow radical reforms in the Kazakhstani judicial system and bring it closer to international standards of democratic legal proceedings.

**D.K. Kanafin** is sure: «Legal proceedings with the participation of jurors, in much more than the process stage, will cardinally and positively change the whole system of criminal proceedings, by its humanization, democratization and strengthening of the legality basics in the activity of all participating subjects ».

*This newsletter has been prepared based on material presented by BDIHR/OSCE Project of Jury Introduction to Kazakhstan.*

---

All rights reserved. No part of this publication may be reproduced without the prior written permission of Public Policy Research Center. Exceptions are allowed in respect of any fair dealing for the purpose of research or private study, criticism or review, as permitted under the Copyright by making obligatory reference to Public Policy Research Center's Newsletter with indication of the issue number and date of publication.

---

**PPRC Newsletter** is a weekly publication of the Public Policy Research Center.  
PPRC newsletter editor: Meruert Makhmutova  
English text editor: Sojin Song  
**Registration Number №3268-Ж**  
**Circulation: 200 copies**

**Public Policy Research Centre (PPRC)** is an independent think tank, whose mission is to search for and propose solutions to key public policy problems.  
**Address:** 65, Kazybek Bi, offices 401,421, 050000, Almaty  
**phone:** +7(3272) 670432, 670340, **fax:** +7(3272) 670346  
**e-mail:** info@pprc.kz  
**Web-site:** www.pprc.kz



Public Policy Research Center  
Центр Анализа Общественных Проблем

# PPRC NEWSLETTER

Dear Readers,

**In this issue we present you information about the second Extractive Industries Transparency Initiative (EITI) international conference that took place in London on March 17, 2005. The conference was hosted by DFID (UK Department for International Development).**

**This initiative was launched UK Prime Minister Tony Blair by at the World Summit on Sustainable Development in Johannesburg in September 2002. Its aim is to increase the transparency over payments and by oil, gas and mining companies to governments and revenues received by those governments.**

For the second year PPRC has been implementing Extractive Industries Revenue Watch in Kazakhstan Project. Donors of the project are OSI (New York), OSI/LGI (Budapest), British Embassy in Almaty, OSCE. Director of PPRC Meruert Makhmutova took part in the conference by the invitation of the UK Embassy.

Tony Blair took a greeting speech for the conference participants. He stressed: "EITI is an important part of international efforts for perfection of managing extractive industries revenues in all countries that depend on oil, gas and minerals."

Nowadays governments of four world countries (Azerbaijan, Ghana, Kyrgyz Republic and Nigeria) joined the Initiative. Six countries are in a process of consultations. World Bank and European Bank of reconstruction and development and also governments of the countries of Big Eight expressed their support of the Initiative EITI.

The participants of EITI are the largest extractive companies - Anglo American, BG group, BP, ChevronTexaco, ExxonMobil, Marathon, Newmont, Repsol YPF, Rio Tinto, Shell, Statoil, TOTAL; industrial associations - International Council on Mining and Metals (ICMM), International Organization of Oil and Gas Producers (OGP).

More than 300 delegates from more than 20 countries took part in the conference. They presented public structures, non-governmental and international organizations, extractive companies and investment groups. General level of representation was very solid. Among reporters of the conference were: Adrian Wood, Director, Policy Division, UK Department for International Development; Hilary Benn, Secretary of State for International Development, UK; James Wolfensohn, President of World Bank; Jean Lemierre, President of European Bank for Reconstruction and Development; Aryeh Neier, president of Open Society Institute; Jeroen Van Der Veer, Group Chief Executive Officer Shell; Sam Laidlaw, Executive Vice President of Chevron Texaco;

Takatoshi Kato, Deputy Managing Director of International Monetary Fund; Xavier Darcos, Development Minister, France; Peter Eigen, Chair of Transparency International and others.

Extractive sector plays a great economic role in more than 50 developing countries where more than 3,5 milliard people live. It seems that revenues from extractive sector should become a powerful engine for social development and economic growth in these countries. In fact direct dependency is seen between existence of rich supplies of mineral resources in the countries and high level of poverty of the nation. Practice shows that rich supplies of mineral resources are not a pledge of steady and stable development. Absence of necessary accountability and lack of transparency over revenues from extractive branches are factors that often lead to corruption, conflicts and destabilization of situation in the countries that experience raw minerals dependency. The main goal of the initiative of EITI - to solve these problems at the institutional level through development and inculcation of common standards of accountability that provide maximal transparency.

Kazakhstan expressed its support of this Initiative on the first conference of EITI on July 2003. From this time government of the UK work with government and civil society of Kazakhstan in order to initiate open dialog on the problem of creation transparent mechanism of formation and distribution revenues from extractive sector of country. Recently NGOs coalition "Oil incomes - under public control!" including about 50 organizations from all regions of Kazakhstan was established. Coalition actively works in a sphere of lobbying transparency of incomes from oil and gas extraction in the republic and distribution them through National Fund. A manual 'Extractive Industries Transparency Initiative: Source book' that was published by international secretary of EITI was distributed among participants of the conference. The book is available online on the web-site [www.eitransparency.org](http://www.eitransparency.org).

It includes the description of principles and criteria of EITI, and also list of specific steps and recommendations on realization of Initiative.

On the conclusions of the held conference "Statement of outcomes" was formulated. It includes survey of goals

and results of EITI, defines principles of EITI, introduce criteria and define indicators of future development of this international initiative.

Next conference of EITI is planned to be held on March 2006.

## PPRC NEWS

**On March 17, 2005** deputy director of Public Policy Research Center Gulnar Mukhambetova and project manager Marzyia Tugelbaeva took part in the first working meeting of Steering Committee UNDP Central Asia Gateway Project "that was held in Tashkent (Uzbekistan). PPRC will start its work under this project since April 2005, being responsible for the Kazakhstan content part of the Central Asia Gateway portal.

Central Asia Gateway portal was created in order to become informative and communicative center, tool for knowledge and best practices exchange, arrangement of cooperation in the field of social and economical development and regional integration of the countries of region.

Until present time project was implemented by Center for Economical Researches/CER (Uzbekistan) with the support of UNDP, Europe and CIS Regional Bratislava Centre. In the implementation of the second phase of this project PPRC will take a role of national coordinator for Kazakhstan. Coordinator for Kyrgyzstan – Agency "AKI PRESS," for Tajikistan – Media group "Asia Plus." Center for Economical Research (Uzbekistan) will be responsible for highlighting the information from Uzbekistan and Turkmenistan.

On the passed meeting, besides regional partners, representatives of UNDP Regional offices from Kazakhstan, Kyrgyzstan and Uzbekistan as well as specialists of UNDP, Europe and CIS Regional Bratislava Centre, regional representatives of World Bank and USAID took part.

**On March 17, 2005** manager of development PPRC Maria Gorokhova took part in the work of a round table "Introduction of Jury Institution in Republic of Kazakhstan: problems of theory and practice," that was organized by Bureau of Democratic Institutes for Human Rights of the OSCE, Supreme Court of RK, Ombudsman and Union of attorneys of RK. Key questions of selecting of jury models in Kazakhstan were discussed. Besides that participants of round table got an opportunity to get acquainted with Russian Federation experience of legal procedure with participation of juries.

**On March 23, 2005** press-conference on the outcomes of conference on Extractive Industries Transparency Initiative that was held in London on March 17, 2005 took place in Kazakhstani press-club. J.Sharp, Ambassador of the UK in Kazakhstan and Kyrgyzstan, S.Zolotnikov, executive director of Transparency Kazakhstan and M.Makhmutova, director of PPRC, took part in it. They informed journalists about the outcomes of the conference and answered all the aroused questions.

On the same day Mrs.Makhmutova in her interview to the journalist of TRC "31 Channel" talked about PPRC project "Extractive Industries Revenues Watch in Kazakhstan."

**On March 25, 2005** a visit of senior analyst of Finance Department of IMF Anna Ter-Martirosyan was held in PPRC. During the meeting with the administration of Center questions of current economical situation in RK, macro economical prognosis, influence of extractive branches of economics of republic on development of its real sector were discussed.

**On March 25, 2005** PPRC director M.Makhmutova and the Head of UNDP Effective Management and Sustainable Development of UNDP Zh.Sagimbaeva answered the questions during on-line discussion on the topic "Perspectives of integration of Central Asian (CA) countries" that was organized by Program of Expansion Access and Education in Internet of IREX. Discussion was held around the report of UNDP "Regional cooperation for human development and security in CA", Kazakhstan background study for which was prepared by PPRC experts.

The participants of discussions were students, journalists, researches, representatives of international and non-governmental organizations from different regions of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan. They were interested in the questions of cooperation of CA in the sphere of trade, education, fight against terrorism, solving environmental problems and also positive and negative sides of integration.

---

All rights reserved. No part of this publication may be reproduced without the prior written permission of Public Policy Research Center. Exceptions are allowed in respect of any fair dealing for the purpose of research or private study, criticism or review, as permitted under the Copyright by making obligatory reference to Public Policy Research Center's Newsletter with indication of the issue number and date of publication.

---

**PPRC Newsletter** is a weekly publication of the Public Policy Research Center.

PPRC newsletter editor: Meruert Makhmutova

English text editor: Gulnar Mukhambetova

**Registration Number №3268-Ж**

**Circulation: 200 copies**

**Public Policy Research Centre (PPRC)** is an independent think tank, whose mission is to search for and propose solutions to key public policy problems.

**Address:** 65, Kazybek Bi, offices 401,421, 050000, Almaty

**phone:** +7(3272) 670432, 670340, **fax:** +7(3272) 670346

**e-mail:** info@pprc.kz

**Web-site:** www.pprc.kz





Public Policy Research Center  
Центр Анализа Общественных Проблем

# PPRC NEWSLETTER

**Dear Readers!**

In this PPRC Newsletter, we publish an open appeal to the deputies of the Parliament RK to avoid accepting antidemocratic amendments to the Kazakhstani legislation, which would regulate the activities of non-governmental/non-profit organizations.

Moreover, here you will find information about the International Economic Conference «Europe after the Enlargement», which took place in the Polish capital in April 2005; many eminent economists from all over the world attended the event.

We will also brief you on the new Association of Analytical Centers of Eastern European Countries and the CIS – the Economic Policy Institute Network (EPIN), initiated by the UNDP Regional Bureau for Europe and the CIS (Slovak Republic).

## *AN OPEN APPEAL TO THE DEPUTIES OF THE PARLIAMENT OF THE REPUBLIC OF KAZAKHSTAN FROM THE NATION'S NON-GOVERNMENTAL ORGANIZATIONS*

*Dear deputies of the Parliament of the Republic of Kazakhstan,*

By this letter, the Republic of Kazakhstan's non-governmental/non-profit organizations express their concern on forthcoming amendments to the current legislation RK, which regulates activities of non-governmental/non-profit organizations.

Enacting the Laws RK «Amendments and additions to some legislative acts RK on non-profit organizations» and «Activities of the branches and representations (independent subdivisions) of international or foreign non-profit organizations in the Republic of Kazakhstan», proposed by Parliament RK's Majilis Deputies Abylkasymov E., Boyarkin S.I., Itemgenov N.G., Kotovich V.N., and Troshihin M.V. discriminates against non-governmental/non-profit organizations and leads to regress in the development of civil society institutes.

The development of democratic reforms will slip backwards. This threatens not only NGOs but other civil society institutes as well. We consider this an ominous sign, which threatens the advances achieved via painstaking work and continuous civil dialog between the civil society and government within last decade.

In their Explanatory Note, the Draft Laws' authors refer to the norms of other countries' legislations, which settle areas of struggle against terrorism and extremism. International practice, however, proves that suppressing citizens' initiatives and asserting total control over the activities of public organizations produces the opposite effect – the radicalization and politicization of civil associations, the growth of social tension, and extremist actions of spontaneous civil disobedience.

At present, we see that the only way to fight terrorism is to encourage the citizens to associate, support the initiatives of local associations, NGOs, and volunteer organizations, expand local authority (in order to widen areas of public control), and increase citizens' responsibility for what is happening in their country.

We see no conflict between the values of Kazakhstani associations such as «security» and «human rights» and we are deeply convinced that in no way should the rights of citizens and their associations be violated, using security issues as justification. These two values form an indissoluble symbiosis: a human's life is not safe if his/her legal rights are violated. To live in a safe, stable, and just state is an integral human right.

At a time when the country's leadership carries out administrative reforms aimed at reducing the State machinery, the implementation of the proposed Draft Laws, if adopted by the Parliament, will be highly expensive, time-consuming, and will require vast human resources. In order to exercise total control over NGOs, international organizations, and their branches, it will be necessary to establish an entire army of state servants who will operate both centrally and in the field.

We, the non-governmental/non-profit organizations of Kazakhstan, appeal to the deputies of the Republic of Kazakhstan's Parliament to deny the adoption of the Draft Laws «Amendments and additions to some legislative acts RK on non-profit organizations» and «Activities of branches and representations (independent subdivisions) of international or foreign non-profit organizations in the Republic of Kazakhstan». By denying these Draft Laws, you will prove your adherence to the democratic principles that serve as the foundation of our State system. This is the only fair decision with respect to your voters.

We still consider the Parliament, the country's highest representative body, our ally; we have one common mission – to express, protect, and promote the interests of the citizens of Kazakhstan. But if the Government will not consider Kazakhstani civil society an equal partner and ally (as it was declared many times from the tribunes), but rather the main «suspect», confrontation between the power and society will arise. Our common achievements in the development of civil dialog and democracy will collapse.

PF «Public Policy Research Center», Kazakhstan International Bureau for Human Rights and Rule of Law, Adil soz, Republican net of independent observers, PF «Desenta», Coordinating Board NGOs of the Pavlodar Oblast, PA «Dom», PA «DEMOS», the Atyrau Branch of the Kazakhstani International Bureau on Human Rights and the Rule of Law, PA «Kaspyi Tabigaty», PA «Tarihi Otan», PA «Zaman», PF «Tulpar», PF «Alshy», North Kazakhstan Regional Children Association, PA «So-Znaniyie», PA «Regional Center of New Information Technologies», PE «Institute for Local Self-Government Development», «Petrovsk Regional Association of Condominiums»

**On 8-9 April 2005** the Center for Social and Economic Research/CASE invited PPRC Director **Ms M. Makhmutova** to participate in the International conference «Europe after the Enlargement» in Warsaw (Poland). CASE is a private, independent, non-profit research and advisory institution, established in 1991. Its international activity is focused on:

- the transition process in Central and Eastern Europe, The Transcaucasia and Central Asia
- European integration
- the world economy

The Conference participants represent more than 30 countries and key international organizations. The participants' attention was drawn to the following issues: political and economic integration in the frames of a united Europe, the future of the European Union's eastern and south-eastern borders, the economic and social consequences of population an aging European, and the implementation of the Lisbon strategy for revitalize the European economy.

The main reporters during the conference were: Harry Broadman, Lead Economist, Europe and Central Asia Region, World Bank; Anders Aslund, Director of the Russia and Eurasian Program at Carnegie Endowment for International Peace; Erik Berglof, Director of the Stockholm Institute of Transition Economics (SITE); Kalman Mizsei, United Nations Assistant Secretary General and UN Development Programme Director for Europe and the CIS; Daniel Gros, Director of the Center for European Policy Studies (Brussels), advisor to European Union; Jean-Claude Trichet, President of the European Central Bank.

The special session «Economic integration and social inclusion in the post-transition countries» took place within the framework of the conference; it was devoted to Eastern European and Central Asian countries.

**On 10-11 April 2005** PPRC Director **Ms M. Makhmutova** participated in the Economic Policy Institute Network (EPIN)'s first meeting in Warsaw. UNDP Regional Bureau for Europe and the CIS (Slovak Republic) initiated the establishment of EPIN in late 2004 and arranged the meeting as well. The main goal of the Network is to build the capacities of economic

ensure an independent and valuable voice from these countries.

In order to achieve its set goals, EPIN activities will focus on two major components:

- Research capacity building
- Management and administration capacity building.

At present, the Network connects 17 research institutes from Eastern Europe and the CIS. EPIN members are divided into two groups. The first group of members is called the *resource institutes*, and they share their knowledge and experience with the second group, the *target institutes*.

A constituent meeting was conducted in the form of presentations and discussions. Discussed during the meeting were issues on the effective management of EPIN's work, the strategy for research institutes' future collaboration, and the mechanism of future Network development and institutionalization.

During the session «Policy Institutes Development in the Region: Recent experience and trends», **M. Makhmutova** delivered a speech «Recent trends in development of policy institutes in the region: Experience Latest of PASOS network».

At the end of the meeting, participants decided to take the following steps:

- Draft mission statement and partner agreement
- Develop recommendations on the institutional development of the network;
- To develop a detailed action plan and send it to the managers of the think tanks for comments.

Detailed information on the Network's activity can be found at:

**[http://europeandcis.undp.org/?wspe=practice-1\\_h\\_1\\_5](http://europeandcis.undp.org/?wspe=practice-1_h_1_5)**

**On 21-22 April 2005** PPRC deputy director **G. Mukhambetova** participated in the «Results-Based Project Management» seminar, arranged by the Foundation «Center for Strategic Development» (Moscow) with support from the UNDP Regional Bureau for Europe and the CIS in the frames of the Economic Policy Institute Network (EPIN) development.

---

All rights reserved. No part of this publication may be reproduced without the prior written permission of Public Policy Research Center. Exceptions are allowed in respect of any fair dealing for the purpose of research or private study, criticism or review, as permitted under the Copyright by making obligatory reference to Public Policy Research Center's Newsletter with indication of the issue number and date of publication.

---

**PPRC Newsletter** is a weekly publication of the Public Policy Research Center.  
PPRC newsletter editor: Meruert Makhmutova  
English text editor: Sojin Song  
**Registration Number №3268-Ж**  
**Circulation: 200 copies**

**Public Policy Research Centre (PPRC)** is an independent think tank, whose mission is to search for and propose solutions to key public policy problems.  
**Address:** 65, Kazybek Bi, offices 401,421, 050000, Almaty  
**phone:** +7(3272) 670432, 670340, **fax:** +7(3272) 670346  
**e-mail:** info@pprc.kz  
**Web-site:** www.pprc.kz